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January 29, 2018

Steven V. King
Commission Secretary
Washington Utilities and Transportation Commission
1300 S Evergreen Park Drive SW
Olympia, WA 98504-7250

Received
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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Re: Arrow Launch Service, Inc. - Permit No. BC000097
Tariff Revision Filing - Passenger/Freight Launch and Deckhand Rates

Dear Mr. King:

Enclosed are accounting working papers, revised tariff pages and a customer notice letter for a general rate case proposed by Arrow Launch Service, Inc. to be effective March 1, 2018. Please note that as discussed in multiple meetings with UTC staff regarding changes or modification to the launch rate methodology, and with the concurrence of UTC staff, the submittal is based on financial data used and/or by comparing both Previously Allocated Cost (PAC) data and the Lurito Gallagher methodology. The revenue requirement was developed using a 90.5% operating ratio based on discussion with staff and the fact that the Company has invested substantially in capital assets during the past four years.

The company's last rate increase was effective March 1, 2016. Since the previous rate case and at the direction of staff, the company has revised methods for allocating operating costs between regulated and non-regulated operations. The revised allocation methods were previewed with staff earlier this month.

This filing proposes a revenue increase of 3.7% or \$172,460 if approved by the Commission.

If you have any questions please contact me.

Yours truly,



Weldon T. Burton